

Ameren Illinois Gas Rate Zone III - (IP)
Statement of Operating Income with Adjustments
For the Test Year Ending December 31, 2016
(In Thousands)

Line No.	Description	Company Unadjusted Direct (Part 285 Sch C-1)	Company Adjustments (Sch 1, page 5)	Company Direct Present (Cols. b+c)	Company Direct Proposed Increase	Company Direct Proposed (Cols. d+e)
	(a)	(b)	(c)	(d)	(e)	(f)
1	Gas Operating Revenues	\$ 384,789	\$ (222,204)	\$ 162,585	\$ 26,201	\$ 188,787
2	Other Revenues	42,641	(22,320)	20,321	-	20,321
3	Total Operating Revenue	427,430	(244,524)	182,906	26,201	209,107
4	Uncollectible Expense	4,210	(2,490)	1,720	257	1,978
5	Cost of Gas	-	-	-	-	-
6	Production Expenses	196,721	(195,347)	1,374	-	1,374
7	Storage, Term., and Proc. Expenses	6,957	-	6,957	-	6,957
8	Transmission Expenses	5,796	-	5,796	-	5,796
9	Distribution Expenses	42,954	3,144	46,098	-	46,098
10	Cust. Accounts, Service & Sales	21,419	(7,233)	14,187	-	14,187
11	Administrative and General Expenses	32,934	(3,028)	29,906	-	29,906
12	Depreciaton and Amortization	41,348	(17,907)	23,440	-	23,440
13	Taxes Other Than Income	30,791	(22,935)	7,856	-	7,856
14	Rounding	-	-	-	-	-
15	Total Operating Expense					
16	Before Income Taxes	383,130	(245,796)	137,334	257	137,591
17	State Income Tax	531	99	630	2,011	2,640
18	Federal Income Tax	2,213	411	2,623	8,377	11,000
19	Deferred Taxes and ITCs Net	7,800	-	7,800	-	7,800
20	Total Operating Expenses	393,673	(245,287)	148,387	10,645	159,031
21	NET OPERATING INCOME	\$ 33,757	\$ 763	\$ 34,519	\$ 15,557	\$ 50,076
22	Company Rate Base (Schedule 2, page 1, col d, line 21)					\$ 624,934
23	Company Overall Rate of Return (Schedule 5, col e, line 8)					8.013%

Ameren Illinois Gas Rate Zone III - (IP)

Adjustments to Operating Income
For the Test Year Ending December 31, 2016
(In Thousands)

Line No.	Description	Interest Synchronization Part 285 Schedule C	Eliminate PGA Part 285 Schedule C-2.1	Eliminate Pass-Through Charges Part 285 Schedule C-2.2	Rider GER Adjustment Part 285 Schedule C-2.3	Environmental Rider Adjustment Part 285 Schedule C-2.4	Other Revenue Adjustments C-2.5	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Gas Operating Revenues	\$ -	\$ (199,188)	\$ (22,906)	\$ -		\$ (110)	\$ (222,204)
2	Other Revenues	-	-	-	(7,260)	(15,892)	832	(22,320)
3	Total Operating Revenue	-	(199,188)	(22,906)	(7,260)	(15,892)	721	(244,524)
4	Uncollectible Expense	-	-	-	-	-	-	-
5	Cost of Gas	-	-	-	-	-	-	-
6	Production Expenses	-	(195,347)	-	-	-	-	(195,347)
7	Storage, Term., and Proc. Expenses	-	-	-	-	-	-	-
8	Transmission Expenses	-	-	-	-	-	-	-
9	Distribution Expenses	-	-	-	-	-	-	-
10	Cust. Accounts, Service & Sales	-	-	-	(7,260)	-	-	(7,260)
11	Administrative and General Expenses	-	-	-	-	-	-	-
12	Depreciation and Amortization	-	-	-	-	(15,892)	-	(15,892)
13	Taxes Other Than Income	-	-	(22,906)	-	-	-	(22,906)
14		-	-	-	-	-	-	-
15	Total Operating Expense	-	(195,347)	(22,906)	(7,260)	(15,892)	-	(241,404)
16	Before Income Taxes	-	(195,347)	(22,906)	(7,260)	(15,892)	-	(241,404)
17	State Income Tax	-	(298)	-	-	-	56	(242)
18	Federal Income Tax	-	(1,240)	-	-	-	233	(1,007)
19		-	-	-	-	-	-	-
20	Total Operating Expenses	-	(196,885)	(22,906)	(7,260)	(15,892)	289	(242,653)
21	NET OPERATING INCOME	\$ -	\$ (2,303)	\$ -	\$ -	\$ -	\$ 432	\$ (1,871)

Ameren Illinois Gas Rate Zone III - (IP)

Adjustments to Operating Income

For the Test Year Ending December 31, 2016

(In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Company Use of Fuels Part 285 Schedule C-2.6	Franchise Requirement Part 285 Schedule C-2.7	Interest on Customer Deposits Part 285 Schedule C-2.8	Uncollectible Expense Part 285 Schedule C-2.9	Incentive Compensation Part 285 Schedule C-2.10	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Gas Operating Revenues	\$ (222,204)	\$ -	\$ -	\$ -		\$ -	\$ (222,204)
2	Other Revenues	(22,320)	-	-	-	-	-	(22,320)
3	Total Operating Revenue	(244,524)	-	-	-	-	-	(244,524)
4	Uncollectible Expense	-	-	-	-	(2,490)	-	(2,490)
5	Cost of Gas	-	-	-	-	-	-	-
6	Production Expenses	(195,347)	-	-	-	-	-	(195,347)
7	Storage, Term., and Proc. Expenses	-	-	-	-	-	-	-
8	Transmission Expenses	-	-	-	-	-	-	-
9	Distribution Expenses	-	556	2,588	-	-	-	3,144
10	Cust. Accounts, Service & Sales	(7,260)	-	-	28	-	-	(7,232)
11	Administrative and General Expenses	-	-	(1,665)	-	-	(301)	(1,966)
12	Depreciaton and Amortization	(15,892)	-	-	-	(1,994)	-	(17,886)
13	Taxes Other Than Income	(22,906)	-	-	-	-	-	(22,906)
14		-	-	-	-	-	-	-
15	Total Operating Expense							
16	Before Income Taxes	(241,404)	556	923	28	(4,484)	(301)	(244,684)
17	State Income Tax	(242)	(43)	(72)	(2)	348	23	12
18	Federal Income Tax	(1,007)	(179)	(298)	(9)	1,448	97	51
19		-	-	-	-	-	-	-
20	Total Operating Expenses	(242,653)	333	553	17	(2,689)	(180)	(244,620)
21	NET OPERATING INCOME	\$ (1,871)	\$ (333)	\$ (553)	\$ (17)	\$ 2,689	\$ 180	\$ 96

Ameren Illinois Gas Rate Zone III - (IP)

Adjustments to Operating Income
For the Test Year Ending December 31, 2016
(In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Performance Share Unit Program Part 285 Schedule C-2.11	Lobbying Part 285 Schedule C-2.12	Injuries and Damages Part 285 Schedule C-2.13	Charitable Contributions Part 285 Schedule C-2.14	Other Ratemaking Adjustments Part 285 Schedule C-2.15	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Gas Operating Revenues	\$ (222,204)	\$ -	\$ -	\$ -		\$ -	\$ (222,204)
2	Other Revenues	(22,320)	-	-	-	-	-	(22,320)
3	Total Operating Revenue	(244,524)	-	-	-	-	-	(244,524)
4	Uncollectible Expense	(2,490)	-	-	-	-	-	(2,490)
5	Cost of Gas	-	-	-	-	-	-	-
6	Production Expenses	(195,347)	-	-	-	-	-	(195,347)
7	Storage, Term., and Proc. Expenses	-	-	-	-	-	-	-
8	Transmission Expenses	-	-	-	-	-	-	-
9	Distribution Expenses	3,144	-	-	-	-	-	3,144
10	Cust. Accounts, Service & Sales	(7,232)	-	-	-	-	(1)	(7,233)
11	Administrative and General Expenses	(1,966)	(1,108)	(17)	(176)	325	(85)	(3,028)
12	Depreciaton and Amortization	(17,886)	-	-	-	-	-	(17,886)
13	Taxes Other Than Income	(22,906)	-	-	-	-	(29)	(22,935)
14		-	-	-	-	-	-	-
15	Total Operating Expense							
16	Before Income Taxes	(244,684)	(1,108)	(17)	(176)	325	(115)	(245,775)
17	State Income Tax	12	86	1	14	(25)	9	97
18	Federal Income Tax	51	358	5	57	(105)	37	404
19		-	-	-	-	-	-	-
20	Total Operating Expenses	(244,620)	(664)	(10)	(106)	195	(69)	(245,274)
21	NET OPERATING INCOME	\$ 96	\$ 664	\$ 10	\$ 106	\$ (195)	\$ 69	\$ 750

Ameren Illinois Gas Rate Zone III - (IP)

Adjustments to Operating Income

For the Test Year Ending December 31, 2016

(In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Depreciation Part 285 Schedule C-2.16	Rate Case Expense Schedule C-2.17	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Gas Operating Revenues	\$ (222,204)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (222,204)
2	Other Revenues	(22,320)	-	-	-	-	-	(22,320)
3	Total Operating Revenue	(244,524)	-	-	-	-	-	(244,524)
4	Uncollectible Expense	(2,490)	-	-	-	-	-	(2,490)
5	Cost of Gas	-	-	-	-	-	-	-
6	Production Expenses	(195,347)	-	-	-	-	-	(195,347)
7	Storage, Term., and Proc. Expenses	-	-	-	-	-	-	-
8	Transmission Expenses	-	-	-	-	-	-	-
9	Distribution Expenses	3,144	-	-	-	-	-	3,144
10	Cust. Accounts, Service & Sales	(7,233)	-	-	-	-	-	(7,233)
11	Administrative and General Expenses	(3,028)	-	-	-	-	-	(3,028)
12	Depreciaton and Amortization	(17,886)	(460)	439	-	-	-	(17,907)
13	Taxes Other Than Income	(22,935)	-	-	-	-	-	(22,935)
14		-	-	-	-	-	-	-
15	Total Operating Expense							
16	Before Income Taxes	(245,775)	(460)	439	-	-	-	(245,796)
17	State Income Tax	97	36	(34)	-	-	-	99
18	Federal Income Tax	404	149	(142)	-	-	-	411
19		-	-	-	-	-	-	-
20	Total Operating Expenses	(245,274)	(276)	263	-	-	-	(245,287)
21	NET OPERATING INCOME	\$ 750	\$ 276	\$ (263)	\$ -	\$ -	\$ -	\$ 763

Ameren Illinois Gas Rate Zone III - (IP)
Rate Base
For the Test Year Ending December 31, 2016
(In Thousands)

Line No.	Description	Company Unadjusted Rate Base (Part 285 Sch B-1)	Company Adjustments (Sch 2, page 3)	Company Direct Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Plant in Service	\$ 1,328,963	\$ (22,400)	\$ 1,306,563
2	Less Accum. Deprec. and Amort.	(579,905)	474	(579,431)
3		-	-	-
4	Net Plant	749,058	(21,926)	727,132
5	Additions to Rate Base			
6	Cash Working Capital Allowance	-	12,626	12,626
7	Materials & Supplies Inventory	55,251	(17,406)	37,845
8		-	-	-
9		-	-	-
10		-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14	Deductions From Rate Base			
15	Accum. Deferred Income Taxes	(132,632)	(10,177)	(142,809)
16	Customer Advances for Construction	(4,319)	-	(4,319)
17	Customer Deposits	(5,694)	153	(5,541)
18		-	-	-
19		-	-	-
20		-	-	-
21	Rate Base	\$ 661,663	\$ (36,730)	\$ 624,934

Ameren Illinois Gas Rate Zone III - (IP)
Adjustments to Rate Base
For the Test Year Ending December 31, 2016
(In Thousands)

Line No.	Description	QIP Investment Adjustment Part 285 Schedule B-2.1	Plant Additions Part 285 Schedule B-2.2, B-2.3, B-2.4	Incentive Compensation Part 285 Schedule B-2.5	Performance Share Unit Program Part 285 Schedule B-2.6	Hillsboro Base Gas Part 285 Schedule B-2.7	Other Tax Adjustments Part 285 Schedule B-2.9	Subtotal Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Gross Plant in Service	\$ (14,005)	\$ (1,065)	\$ (125)	\$ (470)	\$ (6,735)	\$ -	\$ (22,400)
2	Less Accum. Deprec. and Amort.	437	20	4	13	-	-	474
3		-	-	-	-	-	-	-
4	Additions to Rate Base	(13,568)	(1,045)	(121)	(456)	(6,735)	-	(21,926)
5	Additions to Rate Base							
6	Cash Working Capital Allowance	-	-	-	-	-	-	-
7	Materials & Supplies Inventory	-	-	-	-	-	-	-
8		-	-	-	-	-	-	-
9		-	-	-	-	-	-	-
10		-	-	-	-	-	-	-
11		-	-	-	-	-	-	-
12		-	-	-	-	-	-	-
13		-	-	-	-	-	-	-
14	Deductions From Rate Base							
15	Accum. Deferred Income Taxes	340	47	2	8	-	(10,574)	(10,177)
16	Customer Advances for Construction	-	-	-	-	-	-	-
17	Customer Deposits	-	-	-	-	-	-	-
18		-	-	-	-	-	-	-
19		-	-	-	-	-	-	-
20		-	-	-	-	-	-	-
21	Rate Base	<u>\$ (13,228)</u>	<u>\$ (999)</u>	<u>\$ (119)</u>	<u>\$ (448)</u>	<u>\$ (6,735)</u>	<u>\$ (10,574)</u>	<u>\$ (32,104)</u>

Ameren Illinois Gas Rate Zone III - (IP)
Adjustments to Rate Base
For the Test Year Ending December 31, 2016
(In Thousands)

Line No.	Description	Subtotal Rate Base Adjustments	Cash Working Capital Part 285 Schedule B-8	Materials & Supplies Inventory Part 285 Schedule B-2.10	Customer Deposits 13 Month Avg Part 285 Schedule B-2.11	(Source)	(Source)	Total Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Gross Plant in Service	\$ (22,400)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (22,400)
2	Less Accum. Deprec. and Amort.	474	-	-	-	-	-	474
3		-	-	-	-	-	-	-
4	Additions to Rate Base	(21,926)	-	-	-	-	-	(21,926)
5	Additions to Rate Base							
6	Cash Working Capital Allowance	-	12,626	-	-	-	-	12,626
7	Materials & Supplies Inventory	-	-	(17,406)	-	-	-	(17,406)
8		-	-	-	-	-	-	-
9		-	-	-	-	-	-	-
10		-	-	-	-	-	-	-
11		-	-	-	-	-	-	-
12		-	-	-	-	-	-	-
13		-	-	-	-	-	-	-
14	Deductions From Rate Base	-						
15	Accum. Deferred Income Taxes	(10,177)	-	-	-	-	-	(10,177)
16	Customer Advances for Construction	-	-	-	-	-	-	-
17	Customer Deposits	-	-	-	153	-	-	153
18		-	-	-	-	-	-	-
19		-	-	-	-	-	-	-
20		-	-	-	-	-	-	-
21	Rate Base	<u>\$ (32,104)</u>	<u>\$ 12,626</u>	<u>\$ (17,406)</u>	<u>\$ 153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,730)</u>

Ameren Illinois Gas Rate Zone III - (IP)
Cash Working Capital Requirement Employing the Gross Lag Methodology
For the Test Year Ending December 31, 2016
(\$000s)

Line No.	Description (A)	Company Direct Proposed (B)	Revenue Lag/Expense (Leads) (C)	CWC Factor (D) (Col E/365)	Cash Working Capital Requirement (E) Col. D x Col. B
REVENUES					
1	Revenues at Present Rates	\$ 209,107	55.68	15.25%	\$ 31,899
2	Plus PGA Revenues	195,347	55.68	15.25%	29,800
3	Plus ICC Gross Revenue Tax	353	-	0.00%	-
4	Plus Municipal Utility Tax	6,866	-	0.00%	-
5	Plus Energy Assistance Charges	4,431	-	0.00%	-
6	Plus Illinois Public Utility Tax	11,256	-	0.00%	-
7	Plus Interest Expense and Bank Facility Fees	17,667	55.68	15.25%	2,695
8	(Less) Deferred Taxes and ITCs Net	(7,800)	55.68	15.25%	(1,190)
9	(Less) Uncollectibles	(1,978)	55.68	15.25%	(302)
10	(Less) Depreciation and Amortization	(23,440)	55.68	15.25%	(3,576)
11	(Less) Return on Equity and Debt	(50,076)	55.68	15.25%	(7,639)
12	TOTAL - REVENUES	<u>\$ 361,733</u>			<u>\$ 51,687</u>
EXPENSES					
13	Employee Benefits	\$ 6,170	(20.27)	-5.55%	(343)
14	Payroll	39,919	(11.53)	-3.16%	(1,261)
15	PGA Expense	195,347	(38.62)	-10.58%	(20,672)
16	Other Operations and Maintenance (less uncollectibles)	58,229	(47.04)	-12.89%	(7,504)
17	FICA	2,594	(13.13)	-3.60%	(93)
18	Federal Unemployment Tax	15	(76.38)	-20.92%	(3)
19	State Unemployment Tax	44	(76.38)	-20.92%	(9)
20	St. Louis Payroll Expense Tax	2	(87.33)	-23.93%	(0)
21	ICC Gross Revenue Tax	353	25.92	7.10%	25
22	Invested Capital Tax	4,147	(30.13)	-8.25%	(342)
23	Municipal Utility Tax	6,866	(45.63)	-12.50%	(858)
24	Energy Assistance Charges	4,431	(45.66)	-12.51%	(554)
25	Corporation Franchise Tax	258	(193.45)	-53.00%	(137)
26	Illinois Public Utility Tax	11,256	(29.79)	-8.16%	(919)
27	Property/Real Estate Taxes	795	(387.27)	-106.10%	(844)
28	Interest Expense	17,404	(91.25)	-25.00%	(4,351)
29	Bank Facility Costs	263	307.92	84.36%	221
30	Federal Income Tax	11,000	(37.88)	-10.38%	(1,141)
31	State Income Tax	2,640	(37.88)	-10.38%	(274)
32	TOTAL EXPENSES	<u>\$ 361,733</u>			<u>(39,061)</u>
33	CASH WORKING CAPITAL REQUIREMENT - DIRECT				<u>\$ 12,626</u>
34	CASH WORKING CAPITAL REQUIREMENT - ADJUSTMENTS				<u>\$ -</u>
35	DIFFERENCE - ADJUSTMENT TO CASH WORKING CAPITAL				<u>\$ 12,626</u>

Ameren Illinois Gas Rate Zone III - (IP)
Interest Synchronization Adjustment
For the Test Year Ending December 31, 2016
(In Thousands)

Line No.	Description	Amount
	(a)	(b)
1	Rate Base	\$ 624,934 ⁽¹⁾
2	Weighted Cost of Debt	<u>2.83% ⁽²⁾</u>
3	Synchronized Interest Per Company Direct (Line 1 x Line 2)	\$ 17,667
4	Test Year Interest Expense	17,667
5	Increase (Decrease) in Interest Expense (Line 3 - Line 4)	<u>-</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.750%	<u>-</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ -</u>

(1) Source: Company Exhibit 2.3, Schedule 2, Page 1, col D, ln 21.

(2) Source: Company Exhibit 2.3, Schedule 5, col E, ln 2, 3 & 4.

Ameren Illinois Gas Rate Zone III - (IP)
Gross Revenue Conversion Factor
For the Test Year Ending December 31, 2016

Line No.	Description	Rate (Part 285 A-2.1 RZ-III)	Per Company With Bad Debts	Per Company Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.00000	
2	Uncollectibles	0.9826%	<u>0.00983</u>	
3	State Taxable Income		0.99017	1.00000
4	State Income Tax	7.75%	<u>0.07674</u>	<u>0.07750</u>
5	Federal Taxable Income		0.91344	0.92250
6	Federal Income Tax	35.00%	<u>0.31970</u>	<u>0.32288</u>
7	Operating Income		<u>0.59373</u>	<u>0.59963</u>
8	Gross Revenue Conversion Factor Per Company		<u>1.68426</u>	<u>1.66771</u>

Line No.	Description	Amount	Percent of Total	Percent of Cost	Weighted Component	Effective Tax Rates	After-Tax Cost of Capital
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	<u>PER COMPANY DIRECT</u>						
2	Long Term Debt	\$ 2,373,015	47.425%	5.806%	2.754%	40.0375%	1.6510%
3	Short Term Debt	67,135	1.342%	2.280%	0.031%	40.0375%	0.0190%
4	Bank Facility Costs		0.000%	0.042%	0.042%	40.0375%	0.0250%
5			0.000%	0.000%	0.000%		0.0000%
6	Preferred Stock	61,705	1.233%	4.979%	0.061%		0.0610%
7	Common Stock	2,501,855	50.000%	10.250%	5.125%		5.1250%
8	Total	<u>\$ 5,003,710</u>	<u>100.000%</u>		<u>8.013%</u>		<u>6.8810%</u>
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21	<u>EFFECTIVE TAX RATE</u>						
22	State Income Tax Rate	7.7500%					
23	Federal Income Tax Rate	35.0000%					
24							
25	[State Rate + ((1- State Rate) x Federal Rate)]	<u>40.0375%</u>					
26	Source for company capital structure per testimony of Ryan Martin.						